



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

M/027/007

August 15, 1995

Mr. Allan R. Cerny
Secretary
Western States Minerals Corporation
4975 Van Gordon Street
Wheat Ridge, Colorado 80033

Re: Permit Transfer and Partial Surety Release Request, Jumbo Mining Company, Drum Mine, M/027/007, Millard County, Utah

Dear Mr. Cerny:

The Division has reviewed your recent letters dated July 25 and 31, 1995, wherein you demand that we take immediate action to force Jumbo Mining Company (JMC) to post the balance of the required reclamation surety for the Drum Mine site. This action would enable Western States Minerals Corporation (WSMC) to formally transfer their remaining portions of the Drum Mine property and the associated reclamation responsibilities to JMC, thereby allowing this Division and the Bureau of Land Management to release WSMC's \$264,080 surety bond.

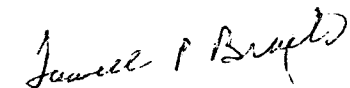
Please be assured that the Division shares your interest in seeing that JMC posts the required reclamation surety and finalizes the permit transfer process to include those portions of the Drum Mine site which are presently retained and bonded by WSMC. At this time, we are not prepared to invoke an enforcement action to force a resolution to this outstanding permitting concern. As outlined in my July 10, 1995 letter, JMC was granted conditional approval of their topsoil replacement proposal and asked to post a \$425,200 interim reclamation surety which would allow the remaining Drum Mine disturbed areas to be formally transferred from WSMC to JMC.

If JMC notifies us that they wish to revise their permit to exclude some of the proposed mine plan disturbances, then the Division will revise the reclamation surety estimate accordingly. However, until JMC posts sufficient surety with our office to cover the outstanding Drum Mine reclamation costs, and files the appropriately signed permit transfer documentation, we will not authorize the release or reduction of WSMC's reclamation surety bond. Concurrence of the Bureau of Land Management must also be received before we can reduce or release WSMC's surety.

Page 2
Allan R. Cerny
M/027/007
August 15, 1995

Please contact me or D. Wayne Hedberg of the Minerals staff, should you have additional concerns or questions in this regard.

Sincerely,



Lowell P. Braxton
Associate Director, Mining

jb
cc: Rody Cox, Warm Springs RA
Larry Mize, DWQ
Tom Mitchell, AAG
Minerals staff (route)
M027007.rel